## **VERMONT**

# **Workforce Development Council**

#### 2007 Annual Report

The Workforce Development Council (WDC) was established in State law in 2006 as the successor to the Human Resources Investment Council, originally established in 1993. The mission of the Council is to ensure that Vermonters have the skills they need to get and keep good jobs, and that Vermont employers have the skilled workers they need to compete in a rapidly changing world economy. The Council advises the Governor on the development and implementation of a comprehensive, flexible and responsive workforce education and training system. The Council is also designated as the State Workforce Investment Board under the Federal Workforce Investment Act.

The WDC is a business majority council, appointed by the Governor, with members representing all sectors of the economy and all geographic regions of the State. In addition, Council membership includes top officials from State agencies and higher education institutions, representatives of labor and the low income community, and members of the Senate and House. The Chair is appointed from the business members by the Governor.

# **Act 46 Next Generation Initiatives:**

In 2007, the Governor, Legislature, state agencies and training providers, and the business community came together to address the workforce challenges that were identified in the Council's 2006 Workforce Challenge Statement, and in the recommendations of the Next Generation Commission's Linking Learning to Earning Report. Many of these recommendations were echoed in reports from the Vermont Business Roundtable, Lake Champlain WIB/Chamber/GBIC, and the Coalition for Workforce Solutions. These organizations identified a number of common strategies designed to respond to the aging of the Vermont workforce, the shrinking cohort of younger workers, and the escalating skill requirements and technology applications in the workplace. The WDC analyzed these reports and has identified a set of common recommendations that represent a consensus on how the State can address its workforce challenges. A copy is attached.

Act 46 was drafted to address these challenges by linking training and economic development efforts with a range of immediate and longer term strategies. It provided five million dollars in carry-forward FY '07 funds and seven million in FY '08 funds to be distributed in FY '08. Included were new funds for college scholarships, a targeted loan repayment program, increased funding for the VSAC Non-Degree Grant Program, and expanded dual enrollment opportunities, as well as increases in funding for the Workforce Education and Training Fund, and the Vermont Training Program that provide grants to assist employers to meet their needs for training new and incumbent workers. The

Act also established new programs for secondary and postsecondary internships, adult programs at the regional technical centers, career awareness programs, alternative secondary vocational/academic programs, and funds to be used for two regional pilots of workplace readiness credentials. The response from employers, schools, colleges, trade associations, and non-profit organizations was very strong. Over 200 applications were received by the Departments of Labor and Economic Development and more than 150 projects were funded. Funding was exhausted in most categories by December.

## **New Strategic Approaches to Workforce Development:**

Act 46 also established two significant new committees, the Workforce Development Sustainable Funding Committee and the Workforce Leadership Committee. The Sustainable Funding Committee, which sunset after publishing its report in December, was comprised of business leaders appointed by the WDC, The Governor, President Pro Tem, and the Speaker. Their charge was to "review workforce development funding strategies that have been used successfully in other states and countries and identify which, if any, are suitable in Vermont." Copies of their report are available from the Legislative Council. The Sustainable Funding Committee was dissolved upon completing its report in December. The committee identified strategies such as financing future training programs by diverting a percentage of increased income tax revenues resulting from successful training programs.

The Leadership Committee is a standing committee of the Workforce Development Council that is chaired by the Commissioner of Labor and includes the Commissioners of Education and Economic Development as well as the Secretary of Human Services, the Chancellor of the State Colleges, the Chair of the WDC, and three business members of the WDC. The committee is charged with "developing a limited number of over-arching goals and measurable criteria for the workforce development system", and "reviewing reports from each entity that receives funding" to determine the contribution made to accomplishment of the goals. The committee will then prepare an annual report to the Governor and legislature on accomplishments and gaps and make recommendations for the strategic allocation of next Generation funds. An interim report will be provided in January of 2008 and a full report by December 1, 2008.

#### **Act 176 High School Completion Program:**

2007 was the first year of implementation of the High School Completion Program by the newly established Learning Works statewide adult education system (formerly Adult Basic Education). This program was part of the WDC's strategic plan and was supported by the Council throughout its development. It is estimated that between 1,000 And 1,200 students leave Vermont's public schools each year without a diploma. This is an important workforce development issue because Vermont has a shortage of young workers, and those lacking basic skills are often unable to meet entry level job requirements. This new program, the first of its kind in the nation, was enacted by

the Legislature and signed by the Governor in June of 2006. It is designed to encourage out-of-school youth between the ages of 16 and 21 to enroll at the Learning Works Centers across the state where they can develop an individualized learning plan in partnership with their home high school. Under the supervision of the Learning Works instructors, students may then take classes at the high school or regional technical center, enroll in adult education programs, take college courses, or participate in a wide range of options that meet their individual needs. Once the goals in their approved plan are completed, students may participate in graduation ceremonies at their high school and receive a diploma. Services provided to these students are reimbursable to the Learning Works Centers from the State Education Fund. In the first 12 months of the program, 332 Graduation Plans have been approved and more 93 are in process, 45 students were enrolled at regional technical centers, and 68 enrolled in college classes, and 116 received services from other local provides including YouthBuild, College Connections, and family centers. A total of 63 students have received diplomas and 23 students choose to return to high school full time. The program is expected to continue to grow in 2008.

#### **Regional Workforce Investment Boards:**

The WDC is charged in State law with authorizing Regional Workforce Investment Boards (WIBs). These twelve regional volunteer boards are the local component of the system, working closely with employers, schools, colleges and community organizations to identify needs and implement training solutions. The Regional WIBs continued to address the workforce needs of specific employment sectors in their regions that are experiencing shortages of skilled workers. These include construction, manufacturing, healthcare, information technology and others. In 2007 the WIBs were assigned formal responsibility in Act 46 for the local review of WETF applications to make sure the proposed projects meet real local training needs, do not duplicate existing services, and will lead to good jobs. In regions that are generating a significant number of new grant applications this substantially increased their workload, and in regions with fewer applications, the WIBs took the lead by reaching out to employers, Chambers, and Regional Development Corporations with the goal of developing applications and bringing training funds into the their region. Other WIB activities in 2007 included; organizing local groups of employers to apply for training grants from the Vermont Training Program (VTP) and organizing Career Fairs. In 2008, the funding for the WIBs was increased by \$24,000. These funds were distributed in part as performance bonuses to high performing WIBs and in part to provide technical assistance to WIBs that wanted to shift their priorities or re-organize.

## Challenges for 2008:

Significant progress has been made over the past year, however the underlying trends remain a concern. First, the aging-out of current workers is not being offset by a sufficient number of new entrants into the workforce, creating a shortage in most sectors.

- The supply of workers in Vermont is expected to grow at a rate of only 1.5% per year over the next 10 years, down from an average of 5% a year since the 70's.
- Vermont's workforce is older than the average in most other states, and as baby boomers retire, a large number of skilled workers will leave the workforce.
- From the 1990 census to the 2000 census Vermont had a 19% decline in the 20-34 year old population.
- There will be an 18% decline in Vermont's high school population over the next ten years.

Second, much higher skills are required to get and keep a good job than in the past, and skilled workers are increasingly difficult to find;

- Over 70% of employers interviewed by the regional WIBs reported that they have passed up opportunities to expand their businesses because they could not find workers who could handle what would be required.
- Good jobs that were once available to workers with limited academic skills now require strong skills in reading, communication, math, and the use of computers.
- Those without a high school diploma earn only 65% of the US average wage. High school graduates earn 83%, and those with a bachelors degree (or other industry specific credentials) earn 131%.
- Employers invest more in skilled workers. Half of college graduates receive training on the job, but fewer than 20% of school dropouts receive such training.
- Of the top ten fastest growing jobs in Vermont, seven require two year college degrees or more for entry, and two others require specific post-high school training.
- Specialized information technology, software, and computer skills are required in 95% of jobs in banking/insurance, graphics/printing, and healthcare.

To address these challenges, we will focus on education and training strategies to increase worker productivity, provide the training necessary to help underemployed Vermonters move up into better jobs, and meet the needs of employers for skilled workers.

#### Plans for 2008:

• Evaluate the implementation of the Act 46 programs and make recommendations for future funding priorities and continue efforts to streamline administrative processes.

- The Council will explore the training needs of additional economic sectors, will utilize Act 46 funds, and seek additional federal funding, to support sector-based and cluster-based training strategies by forming working partnership with industry leaders.
- Continue to respond to the workforce needs of the Healthcare and Construction sectors with new and innovative training solutions.
- Expand partnerships with leading business and trade associations to build consensus on strategies to address worker skill shortages in the "Green" sector and other key economic sectors across the State.
- Continued successful implementation of the Workforce Investment Act, including exceeding
  performance objectives in order to qualify for WIA Title V performance incentive grants, and
  the development of a new State Plan for implementation of the reauthorized Workforce
  Investment Act.
- Further expansion of Industry Recognized Skills Standards in training programs, so that; education and training providers can develop curriculum that is clearly linked to employer expectations, worker skill gains are formally documented, and credentials can be transferred across institutions and workplaces.

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